



Pacific Financial
Inclusion Programme



POWER

WOMEN'S AND GIRLS' ACCESS AND AGENCY ASSESSMENT: SOLOMON ISLANDS



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Executive Summary

Women in Solomon Islands face multiple barriers in accessing and using financial services, with many of the demand-side barriers attributable to, or exacerbated by, sociocultural norms. Lower literacy rates and lack of access to information limit women's ability to understand and willingness to trust financial services and products. Distance to access points affects women disproportionately due to their limited mobility and resources and the prevalence of male service staff at financial service providers (FSPs) can be intimidating. Additionally, women are less likely to have access to land titles that can be used as collateral for loans.

Key supply-side barriers stem largely from FSPs' perception that women do not yet represent a commercially viable customer segment. This is particularly true for those residing outside urban areas, where the cost of serving them is increased due to limited infrastructure. As a result, FSPs neither design products with the needs of women in mind nor do they focus on making Women in Solomon Islands face multiple barriers in accessing and using financial services, with many of the demand-side barriers attributable to, or exacerbated by, sociocultural norms. Lower literacy rates and lack of access to information limit women's ability to understand and willingness to trust financial services and products. Distance to access points affects women disproportionately due to their limited mobility and resources. The prevalence of male service staff at financial service providers (FSPs) can be intimidating. Additionally, women are less likely to have access to land titles that can be used as collateral for loans.

Key supply-side barriers stem largely from FSPs' perception that women do not yet represent a commercially viable customer segment. This is particularly true for those residing outside urban areas, where the cost of serving them is increased due to limited infrastructure. As a result, FSPs neither design products with the needs of women in mind nor do they focus on making existing products more accessible.

The government and other stakeholders are working towards greater financial inclusion for both genders, but the environment is not sufficiently conducive. At the highest level, the lack of coordination and collaboration between relevant actors and programmes limits opportunities to develop, fund, and scale long-term initiatives and ensure a sustainable impact. Under-developed infrastructure, particularly mobile infrastructure, limits the penetration of digital finance, an important driver of financial inclusion in many other countries. The simplicity of the regulatory environment means that many barriers to women's financial inclusion go unaddressed while the lack of gender-disaggregated data hampers efforts to develop gender-based women's financial inclusion policies.

The barriers to women's financial inclusion in Solomon Islands are varied and interrelated. As a result, our approach to forming recommendations is to focus on those that can address multiple underlying causes of women's financial inclusion, namely advancing an inclusive approach to women's economic empowerment (WEE), fostering innovative approaches to meet women's needs, forming a digital strategy 'masterplan' to extend reach and advancing outcome-based funding models in Solomon Islands.

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Introduction

The Pacific Financial Inclusion Programme (PFIP), a joint UNCDF and UNDP programme, is a Pacific-wide initiative that aims to increase the number of low-income consumers who adopt formal financial services. PFIP has been active in Solomon Islands since 2008, supporting FSPs to innovate with products and services for mass-market customers, supporting government efforts to create an enabling policy environment for financial innovation, and empowering consumers.

The formal financial inclusion gender gap in Solomon Islands stands at 15%, one of the highest in the Pacific region. Women are more likely than men to turn to informal financial services to meet their financial needs. This is driven largely by sociocultural norms which cause a wide disparity in literacy, employment and economic agency between men and women. Formal financial inclusion contributes directly to women's economic empowerment: evidence from Solomon Islands shows that access to financial products correlates with a greater involvement in household spending and drives the establishment and growth of women-owned business.

To address the gender gap, UNCDF has developed a global "PoWER" strategy (Participation of Women in the Economy Realized) to drive women and girls' economic empowerment by improving their access to, usage of, and agency over financial services. UNCDF has previously carried out multi-country assessments to gain a deeper understanding of the country-specific constraints that women and girls face in Bangladesh, Ethiopia, Myanmar, Senegal and Tanzania. The PoWER country assessment toolkit is available as a public good, to deepen understanding of these constraints in other countries.

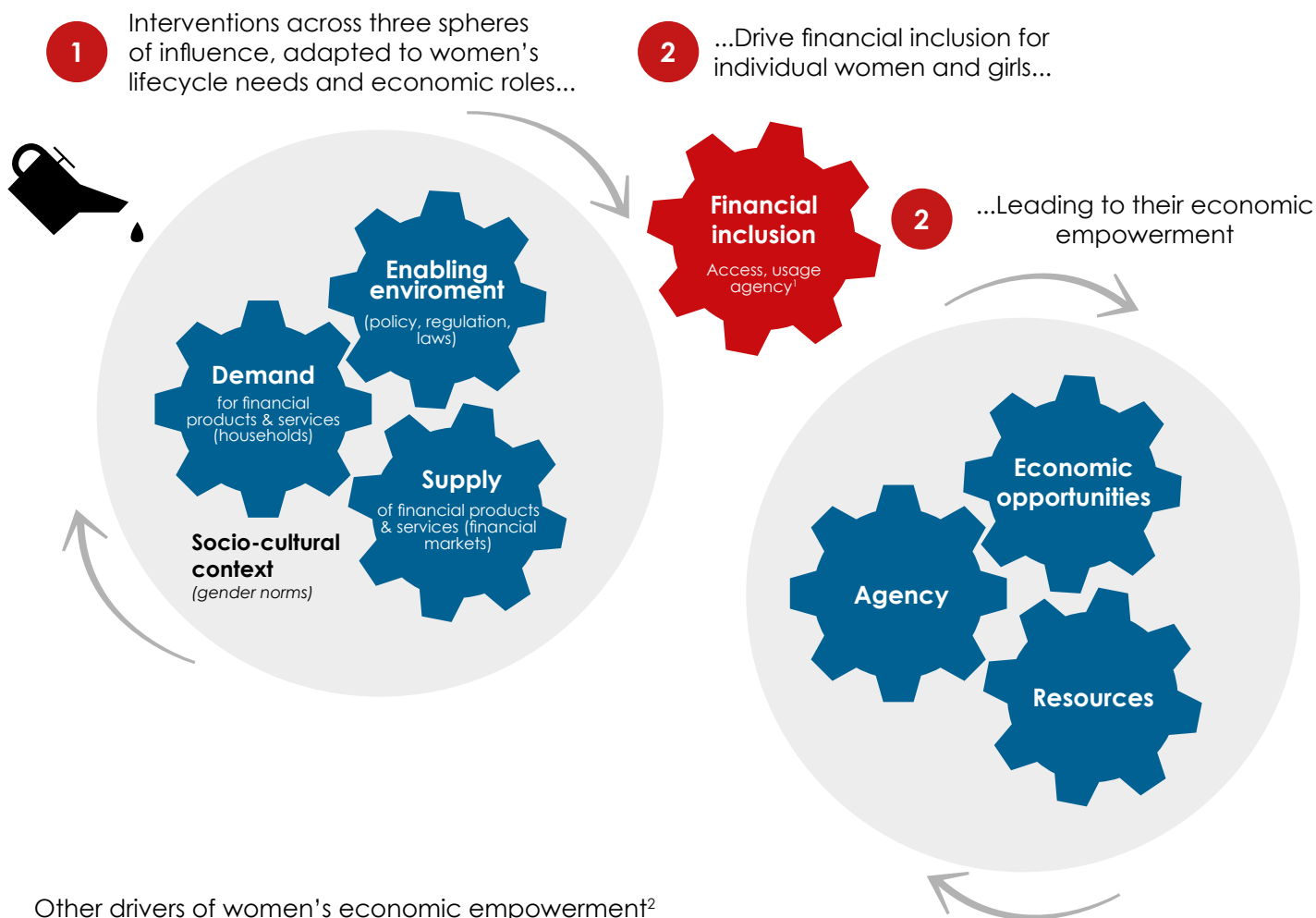
This document presents the results of UNCDF's country assessment in Solomon Islands bringing together evidence collected from desk research, 27 key informant interviews, six focus group discussions and a survey of 400 women and girls. The analysis seeks to understand key constraints and enablers of women and girls' access, usage and control of finance in Solomon Islands. By separately looking at women's current context, their demand for financial products, available supply and the enabling environment the report aims to:

1. **Outline** key macro-trends in financial inclusion in Solomon Islands related to women and girls' financial needs, socio-cultural factors that affect their economic empowerment, as well as micro-insights on various segments of women and girls.
2. **Specify and prioritize** key constraints and enablers of women and girls' access, as well as key constraints and enablers affecting women and girls' usage and control over products and services.
3. **Identify** key stakeholders in the financial inclusion ecosystem, particularly relating to women, their focus and their gaps, as well as the stakeholders addressing the economic empowerment of women and girls.
4. **Determine** opportunities for UNCDF to intervene and engage with stakeholders to further advance women and girls' financial inclusion and contribute to their economic empowerment.

Methodology

The country assessment toolkit is based on the Power Analytical Framework below, which presents financial inclusion as one of the key drivers of women's economic empowerment, and considers three spheres of influence, demand, supply and enabling environment, in which change needs to happen for financial inclusion - as defined by access to, usage of and agency over financial products and services - to be achieved. Notably, the gender dimension of the framework presents the cross-cutting influence of the socio-cultural context of a given country.

Figure 1: Power Analytical Framework







Other drivers of women's economic empowerment²



(1) The definition of agency in the financial inclusion context refers to controlling the benefits of financial product & service use. Please see Annex for further details on this framework. (2) A recent Gates Foundation study highlighted 6 other key drivers of WEE.

The toolkit consists of four components – desk research guides, focus group discussion guide, key informant interview guides and a structured quantitative survey questionnaire. These were selected and developed to efficiently collect data from a range of data sources in a structured way such that they build relevant insights to enable well targeted, evidence-based interventions.

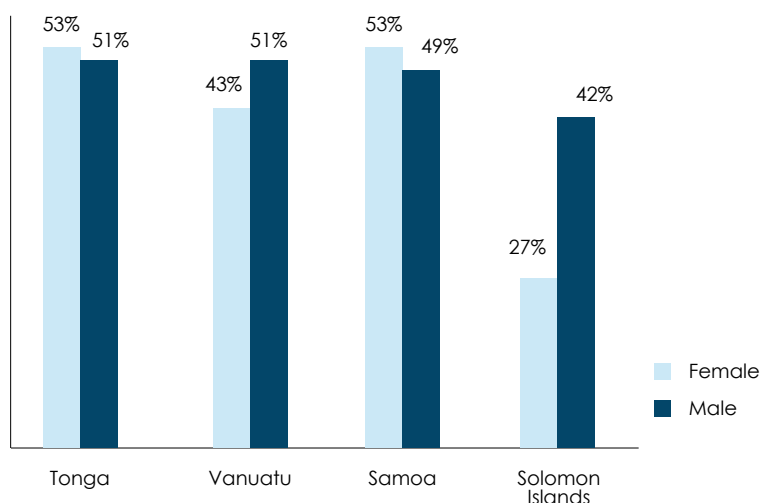
	Tool	Description	Source
	DESK RESEARCH	Secondary data capture tool to collect existing public information	Country level research and datasets by international/local financial inclusion actors
	KEY INFORMANT INTERVIEWS	Semi-structured interview tool to validate and poke holes in desk research information	28 interviews with FSPs, governments, civil society and industry associations, conducted in Feb/ March 2019
	HCD INSPIRED FOCUS GROUP DISCUSSION	Primary qualitative interview tool to elicit a conversation around needs barriers and motivations	7 FGDs with women farmers, entrepreneurs, employees, adolescent girls (in and out-of-school) and men conducted in March 2019
	QUANTITATIVE SURVEY	Primary quantitative survey tool to quantify key indicators of constraints and enablers building off of existing Findex/Finscope/Financial Inclusion Insights questionnaires	Survey with 400 women and girls (rural/urban, married/unmarried, age) conducted between Nov/Dec 2019

The synthesis of the toolkit's research outputs will contribute to a holistic understanding of the current state of women's and girls' financial inclusion in each country, and the key barriers that women and girls currently face. This will then build a strong foundation to inform strategy and programme design for organizations that aim to promote women's and girls' financial inclusion and economic empowerment at a country level.



Context

Formal financial inclusion strands by gender in select Pacific countries¹



The number of access points in Solomon Islands expanded significantly between 2010 and 2015 leading to a significant increase in formal financial inclusion but starting from a very low base. Formal financial inclusion currently stands at 34%, one of the lowest figures in the Pacific.

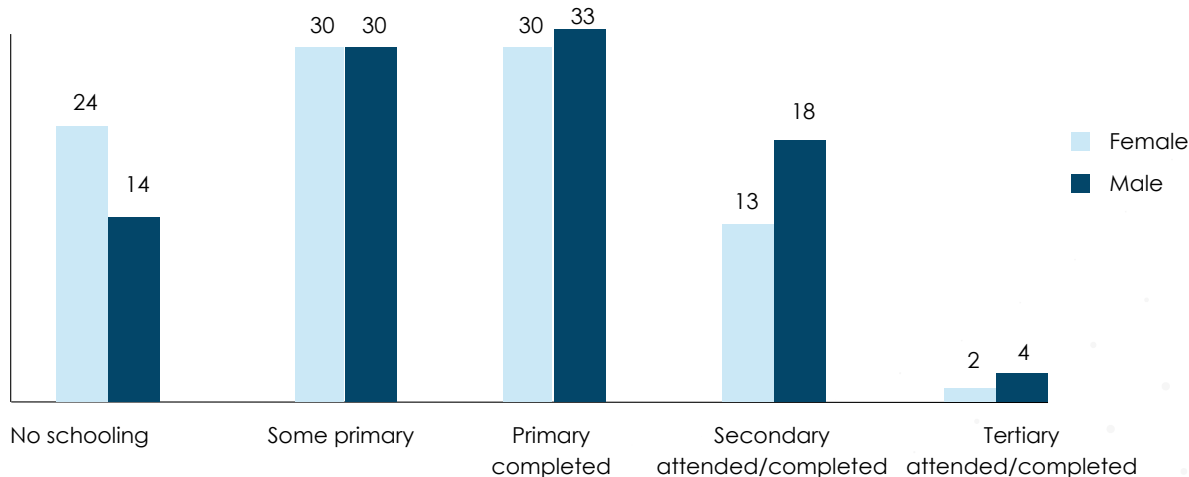
Improved access to formal financial products has not been felt equally by both genders: the

gender gap remains at 15%. This is significantly higher than most peer countries in the region and reflects the numerous barriers to entry and restrictive socio-cultural norms that inhibit women in Solomon Islands.

Educational attainment of population aged 15 and above in rural areas, %¹

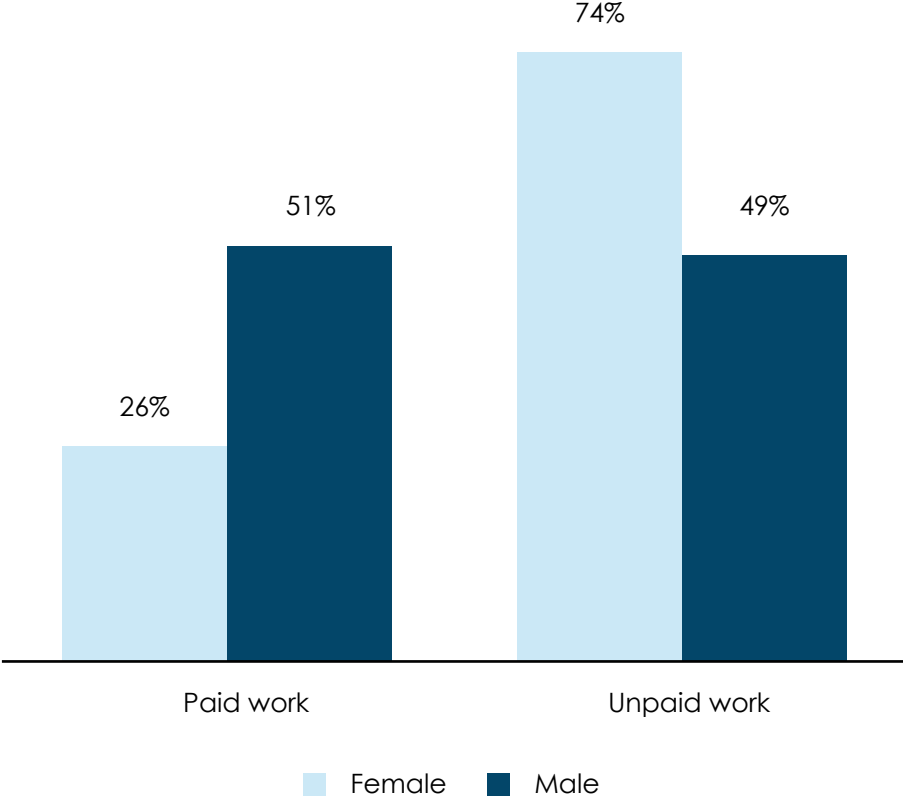
Literacy and fluency in English are two key factors in limiting women's awareness of, and access to, formal financial services. There is a persistent gender gap in school enrolment, which widens progressively. Women are half as likely to reach tertiary education, yet formal financial inclusion correlates strongly with higher education levels. On average, those with access to formal financial services have completed 11 years of education compared to 6 for those without access.

Despite middling rates of school enrolment, functional literacy levels are very low. The rate of functional literacy for women is 14% compared to 21% for men, and only 28% of people who completed primary school were found to be functionally literate. The knock-on effect is that only 36.8% of women feel at ease reading in English, compared to 48.9% of men. This impacts women's ability to understand materials relating to financial products.



¹Includes credit unions, microfinance institutions, the National Provident Fund (SINPF) or other superannuation funds, investments (stocks, bonds, unit trust, or others), insurance, or a finance company and commercial bank accounts. Sources: 1. Central Bank of Solomon Islands, Financial Services Demand Side Survey Solomon Islands, 2015; Central Bank of Vanuatu, Financial Services Demand Side Survey Vanuatu, 2016; Central Bank of Tonga, Financial Services Demand Side Survey Tonga, 2016; Central Bank of Samoa, Financial Services Demand Side Survey Tonga, 2015

Percentage participation in paid and unpaid work by gender²



Social norms keep more women in unpaid work, with limited control over their finances and productive assets.

Women earn less than men and are more likely to be engaged in unpaid work. 80% of unpaid care work at home is performed by women, and 81% of women carry out agricultural unpaid work in rural areas compared to 58% of men.

Women frequently have little control over their earnings: 61% of households report that it is common practice for men to control women's income in the household.

Customary law in patrilineal cultures restricts women from having titles and control of land, the primary asset in farming communities and potential collateral for formal loans.

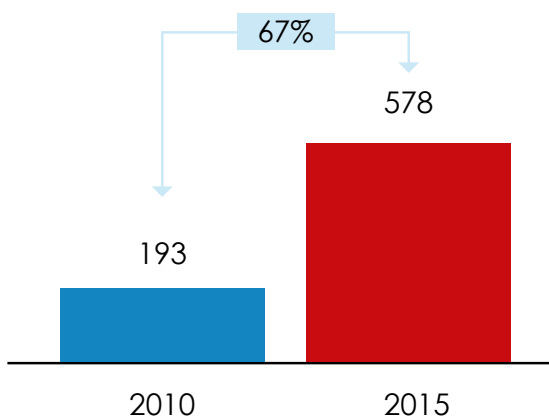
²Source: 1. Government of Solomon Islands, Ministry of Finance and Treasury, Population and Housing Census Report on Economic Activity and Labour Force, 2009; Economist Intelligence Unit's Women's Economic Opportunity Index (WEOI), 2012 ; Strongim Bisnis, Women's Economic Empowerment, 2018

Agent and digital access points have increased but bank branch networks remain limited...

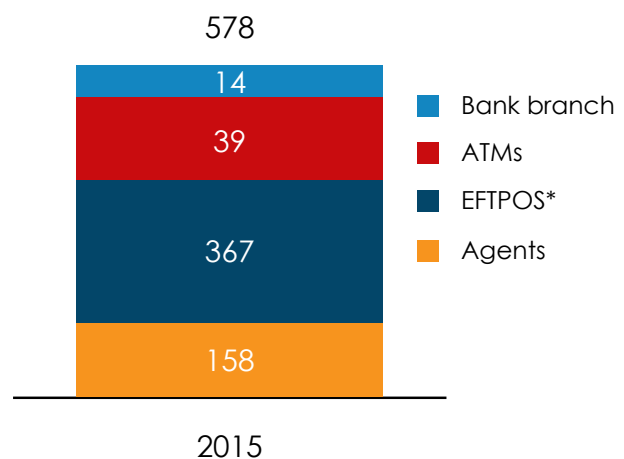
The substantial increase in number of access points has had an impact but has mostly benefited urban populations. The number of bank branches and ATMs per person is ahead of only Papua New Guinea and remains significantly lower than most peer Pacific countries.

Distance and associated cost of travel to access points is a major barrier for rural populations. The average distance of travel cited in survey responses was four to five hours to the nearest bank branch or ATM and one and a half hours to the nearest bank agent. This disproportionately affects women: because of their responsibility for domestic duties they generally suffer from time poverty.

Growth of financial services access points (# of points)¹



Financial services access points by channels²



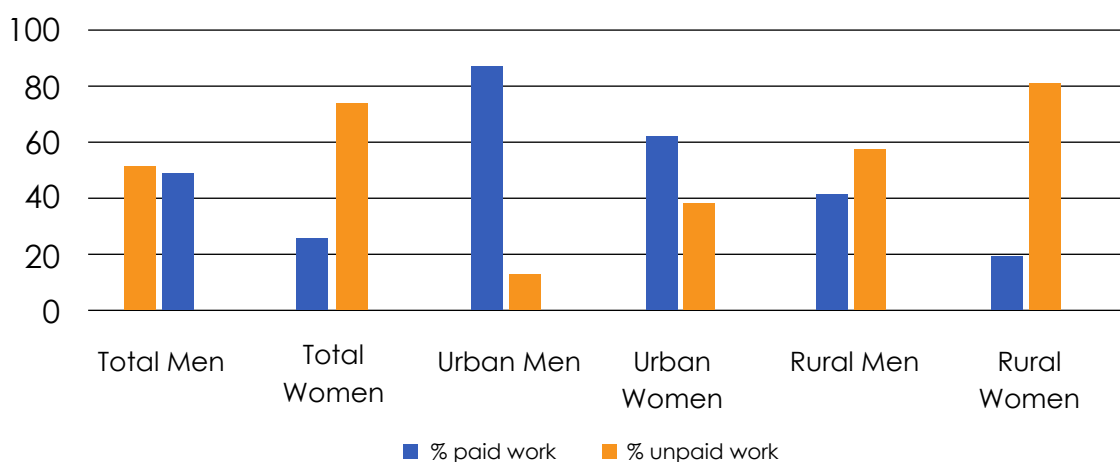
While there are a number of factors that limit women's awareness of and access to financial services, when they do have access, these services have been shown to positively impact women's economic empowerment. Survey respondents that use financial products reported a significant improvement in agency with regards to their household spending, and nearly half of those using credit or savings products, were able to establish a business or use the funds to grow an existing business. Access to financial services constitutes a key pillar of women's economic empowerment.

Source: 1 Pacific Financial inclusion Program, 2016, financial services demand-side survey Solomon Islands; 2 Ibid; 3. PFIP, Benchmarking financial inclusion in Fiji, Samoa, and Solomon Islands: Findings from the first national demand side surveys, 2016; 4. CBSI, Solomon Islands National Financial Inclusion Strategy 2016-2020, 2015

Demand considerations

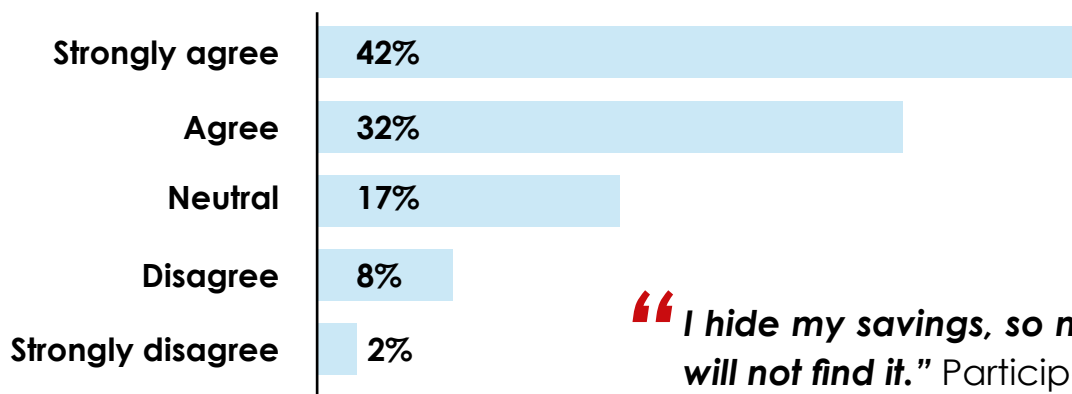
Multiple barriers ensure that demand for financial services is relatively low among women in Solomon Islands. Poverty, sociocultural norms and consequent disparities in literacy and employment work together to ensure that few women have the resources, the agency and the requisite understanding of financial products and services that would enable them to take advantage of their benefits.

Paid/Unpaid Employment



Solomon Islands has a lower proportion of the population living below the poverty line than many of its peers in the region (13%), but subsistence agriculture remains the most prevalent form of employment. Employment rates for men and women are similar but men are twice as likely to be in paid employment than women. In rural areas over 80% of women are employed in unpaid jobs. Security of employment is a key issue, with 75% of women deemed to be in vulnerable jobs, as opposed to 54% of men.³ Limited liquidity means that most have limited need for basic savings products. Most are unable to take out loans, insurance or pensions, all of which require regular payments or contributions.

Women's response to survey question: *Should women consult men when accessing or using financial products*



“ I hide my savings, so my husband will not find it.” Participant, FGD

³ADB, Solomon Islands Country Gender Assessment, 2015; Dalberg research and analysis

Women also have limited agency over their finances, driven by sociocultural norms which see the man as the primary decision-maker on household finances, including women's income. Women often require their husband's permission to open a bank account. In many cases, permission is not granted, especially in cases where the husband was not part of the decision-making process. In order to avoid conflict (potentially resulting in violence), women will usually comply with their husband's decision. This tendency appears more pronounced in Solomon Islands than other countries where country assessments were carried out.

Responsibility for household expenses also represents a constant drain on women's resources, as do cultural obligations, such as demands from the wantok.⁴

42% of women save at least once a year

53% of women save in a "secret place at home"

Women in Solomon Islands save extensively but do so primarily at home. They prefer to have easy access to their funds as 96% said their main reason for saving money was to be able to cover domestic expenses. Women also cited children's education (88%) and potential medical emergencies (48%) as the other priorities for savings.

60% of women think they do not need a loan

58% of women are worried about inability to payback

>40% of women who borrow, are borrowing from close relatives, neighbors and friends

75% of women who borrow, are borrowing for living expenses

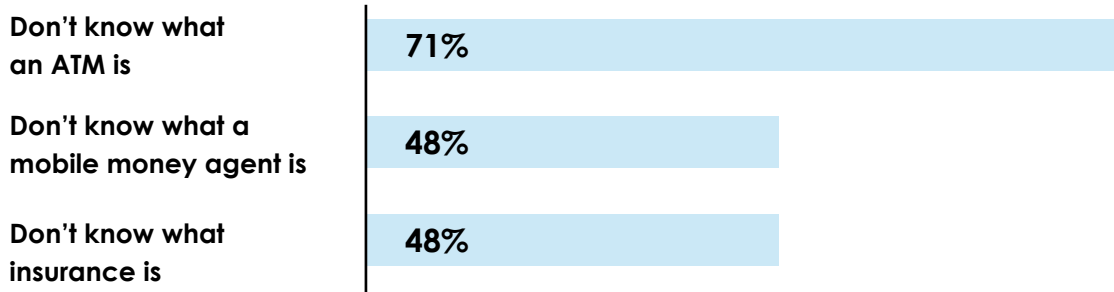
There is a low propensity for women to borrow money in Solomon Islands, almost 90% will not take out a loan in a given year. The stated reasons for the reluctance to borrow are lack of need, lack of desire and concern as to whether they will be able to make the repayments.

Amongst those who borrow, usage of informal means is significantly higher than formal, despite relatively higher associated costs and threats. Most women borrowers use money lenders who charge 50-250% interest fortnightly, with high repercussions for default.

Demand for financial products does exist but women turn primarily to informal means to save and borrow, shunning formal financial services.

⁴Wantok is Pijin for a tribe/community of one language, within which there is a strong social bond.

Responses of a representative survey of Solomon Island women



Lower rates of literacy among women play an important part in limiting awareness and understanding of formal financial services and the benefits they can provide. Women are less likely to understand spoken and written English, limiting their ability to understand financial products and services which are largely advertised in English. These factors contribute to low demand levels, with over 40% of women citing “not knowing how to use a bank account” as a key reason for not participating in the formal financial sector.

“ Once they (women) lose trust (in the bank/mobile money) that’s it”

Participant, FGD

“ Banks steal (money)”

Participant, FGD

The knowledge gap is often addressed through peer networks and community level discussion. Lack of familiarity with the fee structures of banking institutions means that many have bad experiences that form the community level image of financial services. For example, women who discover significantly depleted bank balances due to high maintenance fees are quick to tell others about their bad experiences. Negative stories travel far and fast, perpetuating mistrust.

Beyond community mistrust, women have a high level of discomfort engaging with staff in the formal financial sector. Women are often intimidated by the formal nature of banks and their predominantly male staff, further limiting their access to information.

Opening an account is complicated for women because they often lack the required documentation. Women who are unable to provide valid identity documents can alternatively present letters from elders as ID verification. However, banks do not provide a template for such a letter and given low literacy levels, women often struggle to obtain one. Securing a letter from elders exposes a woman's intention to open an account to the community, limiting privacy and her ability to save in secret. Women also have limited ability to hold land titles, and limited control of assets even when they do hold a title, making it difficult to provide collateral for loans.

Those who do make it past the initial hurdles are often put off by numerous complex forms that they need to fill in. These are always in English and take a lot of time to fill in and understand.

Consequently, women prefer saving and borrowing informally, through friends, wantok, money lenders, and savings and loans groups. While informal channels are convenient, accessible and familiar, they can be unreliable and high risk, primarily due to the lack of written records, high interest rates and aggressive loan recovery methods. The annexes offer an in-depth study of current saving and borrowing patterns among different segments of the population.

Supply considerations

Financial Service Providers in Solomon Islands have yet to consider women to be a commercially viable customer segment and have not tailored their products and services to suit them: products neither match women's needs nor reflect their economic realities.

The procedures to open accounts are complex and therefore intimidating. Women consider them to require "too much work." Customer service also lacks the required level of patience to address customer queries and requests for additional information. Products lack the flexibility required to serve customers with low and/or irregular incomes – a category women often fall into.

Financial services providers are reluctant and lack the incentives required to expand and deepen services to underserved segments. The cost of rolling out direct channels (e.g. branches, kiosks) to serve remote populations is prohibitive. The lack of digital infrastructure in the country adds a significant barrier to developing and expanding alternative channels, including lower cost agency banking and mobile banking. The distance to access points disproportionately impacts women due to time, poverty and the cost of commuting.

Customer services norms are ineffective in helping women to understand the products and their features. Although FSPs have made attempts to share information with women, the level and quality of staff engagement is insufficient to drive adoption. Feedback includes; services are largely delivered in English thereby excluding those that are not literate in English; customer service lacks patience; and marketing material does not appeal to women.

Example: Standard practices of Banks in SOI

Women's financial needs



Product design

Complicated sign-up forms and long queues, with high opening bank account deposit and high fees (e.g. withdrawal fees and premiums)

Simple, easy-to-use product design, with minimal sign-up and usage costs, as well as in-built mechanisms to provide immediate transaction evidence (to build trust)



Marketing Communications

Communications tailored to audience with high literacy levels in English, with long and complicated prose

Simple, clear explanations in communications material, in pijjin or other local dialects, with visual representations to cater to women with lower literacy levels



Channels

Access points concentrated in urban centres, requiring hours of travel with high transport cost and time spent

Access points in close proximity to their homes or market places, which require minimal cost and effort to reach



Customer service

Male staff who have not been trained to be sufficiently patient or helpful. Long queues and slow turnaround on requests

A number of dedicated women officers, delivering enthusiastic, courteous, patient interactions with women, with prompt response/turnaround on requests

Enabling Ecosystem

There has been limited coordination and collaboration amongst actors advancing financial inclusion. Programme funding often lacks continuity, limiting their effectiveness and sustainability. While the Central Bank of Solomon Islands (CBSI) hosts periodic meetings with working groups to address the gender gap, group membership frequently changes and may not involve senior decision makers; meeting attendance is sporadic and outcomes not always relayed for adequate follow up. In addition, initiatives to tackle financial inclusion frequently fail to make the desired impact, either through insufficient funding or inadequate disbursement.

Initiatives remain siloed, even across similar areas of operation or interest, with limited interaction or collaboration among the relevant parties. For instance, civil society organisations that directly engage with women seldom interact with financial services providers to share insights on women's needs and preferences.

While mobile money or digital financial services (DFS) have the potential to drive inclusion for women, poor network coverage and limited digital literacy are significant barriers. Mobile money and DFS present an opportunity for financial service providers to extend services via touchpoints that are in close proximity to users, and available when required. This is particularly important for women who are unable to travel far or frequently due to time poverty and limited funds. While investments are being made to improve telecoms access, there are limited incentives for FSP's to expand DFS or mobile money in light of lower potential revenues outside of urban areas and limited digital literacy.

The regulatory environment for enhancing women's financial inclusion in the country is mixed. In most areas, regulations are not prohibitive, but at the same time, they do not foster greater financial inclusion. For example, agent banking and mobile banking have few guidelines and almost state-wide standardization. This is partly due to the nascency of the industry and limited need to regulate, but a lack of clear guidance may also be limiting innovation. In addition, policies that fail to consider gender implications, such as KYC requirements that ask for a letter from a community leader, discourage women from accessing financial services. Lack of gender-disaggregated data – both quantitative and nuanced insights on women - is also an issue affecting both policy and supply.

Recommendations

Using PoWER's Global Framework and Theory of Change, UNCDF has drawn up the following list of recommendations:

1 Develop an inclusive approach

The report identified a broad range of underlying issues impacting the economic empowerment of women in Solomon Islands, not just financial inclusion. These can only be addressed through an inclusive approach, for example: by strengthening implementation of policies to address gender-based violence; providing access to markets for women in the arts and crafts industry; supporting women in business or supporting those that are business-trained in obtaining better access to finance; incorporating financial literacy training into livelihood support programmes to increase awareness and trust in financial products and services (whether formal or informal).

2 Friendly Face of Finance

One of the major themes that emerged from the research was that women did not understand many financial products, but also felt put off by their perceived image of financial services (by men and for men, intimidating, risky). Efforts to address women's financial needs should support initiatives aimed specifically at making financial services a less daunting prospect for women. For example, supporting simplified and dedicated customer service for onboarding and first-time users to build communities' trust, or by engaging women agents from local communities.

3 Masterplan

Support the development of a digital strategy 'masterplan' for the deployment of interventions to improve overall outcomes for women in Solomon Islands, including extending the reach of non-financial interventions such as education, health and access to markets. This requires developing a roadmap of sequential interventions focused on generating / improving demand and supply of digital services. For example, digital literacy; low-cost handsets, socio-culturally acceptable use cases for women and girls to adopt mobile internet, interoperable user interfaces and digital identity.

4 Strategic Coordination

Implement a coordinated effort to develop and strengthen impact-focused initiatives including the development of standardized measurement metrics and methods. For example:









- Establish a forum for participants to share learnings, and co-invest in research efforts for ecosystem development;
- Incentivize the collection of gender-disaggregated data and support target setting and data tracking for Women's Economic Empowerment (WEE) initiatives
- Develop mechanisms to create and sustain interest and engagement from partners in working groups
- Develop standardized impact measurement metrics and methods
- Facilitate investment through funding models designed to incentivize improved financial inclusion and social outcomes.

Based on these recommendations, UNCDF will move to the implementation phase of PoWER in Solomon Islands, developing new country programme activities and integrating the findings into existing programme activities.



Annex I: Analysis of current saving and borrowing patterns among women

1. Solomon Islands Women primarily turn to informal products to meet their financial demands:

Needs	Usage headlines ¹	Informal product usage	Formal product usage
Everyday Expenses	For everyday expenses, most women transact in cash. They make payments from savings kept at home and seldom use any form of electronic payment	 Women typically use informal savings and loans to meet daily expenses and emergency needs	 Women rarely use formal savings, credit or insurance products due to readily available and preferred informal alternatives
Children's school fees/future	Many highlight school fees (for themselves or children) as primary financial needs, which they meet with savings and support from wantok	 Women will often turn to their spouse for children's school fees, or withdraw from their informal savings accounts or home savings	 Women are attracted to dedicated school fees savings accounts like those provided by the ANZ and Panoceanic bank (Pikinini Savings)
Emergency expenses	The concept of insurance is foreign to most women, who neither know what it is nor have access to formal insurance products	 If they do not have sufficient household savings, women are likely to rely on wantok's support in times of emergency	 Limited use of formal insurance products - only used by women who own cars or are paying mortgages
Long term financial planning	Most women do not make concrete long-term financial goals or plans. They do have aspirations but no firm plans to achieve them	 Most women expect their children will support them in old age, and so will their wantok	 Employed women have compulsory superannuation accounts and a recently introduced microinsurance product has mostly women users



Limited use



High use

Source: UNCDF Dalberg Country Assessment Survey, 2018; Focus group discussions, Key informal interviews, Dalberg analysis.

2. Saving Patterns: Solomon Islands women save more than men but do so primarily at home

42%

of women save at least once a year

- **Women save more than men.** Though less than 50% of women save money at least once a year, women have a higher propensity to save than men. Women are unable to save more frequently because of their household obligations (especially those with children).

53%

of women save in a “secret place at home”

- **They prefer to be able to easily access their money.** For the portion needed for living expenses, women (especially rural dwellers) prefer to have quick access to their money, without the hurdle of journeying to a bank.

96%

of women who save are saving for living expenses

- **As a result, most women save informally, in a secret place at home.** They dig holes in the compound to save money boxes, store money in bags locked away in their bedrooms, or put them in the pockets of clothes hidden in their wardrobes.

88%

of women who save are saving for education expenses (mostly their children’s education)

- **Women’s savings habits are reflective of their priorities - household expenses and their children’s future.** Food and children’s school fees are some of the most essential financial needs highlighted by mothers. Those who save are predominantly saving to meet these needs. Medical care and emergencies are also major reasons for saving

48%

of women save for hospital care/medical expenses

- **Women tend to migrate savings to formal platforms as savings amounts increase.** For amounts over SBD1000, women are more likely to save in formal bank accounts.

Source: Dalberg Research/ Tebbutt Research, Demand-side survey – Primary Date, 2018; Financial Services Demand Side Survey Solomon Islands (CBSI 2015)

3. Borrowing patterns: women borrow informally which is convenient but very costly.

12% of women borrow at least once a year

- **Women have a low propensity to borrow**, with over 80% of women having not borrowed in the past year. Those who do borrow are more inclined to use services of money lenders, or other informal means like savings and loans groups. These options are more accessible to women but relatively expensive (> 50% fortnightly interest), with grave repercussions for default (e.g. violence or even death).

60% of women think they do not need a loan

- **Low borrowing is driven by low need and fear of the payback terms.** One of the leading reasons for not borrowing is fear of default, implying that women tend to perceive repayment terms to be beyond their capacity.

58% of women are worried about inability to payback

- **Women's use of informal money lenders indicates a need for loan products.** Women borrow from money lenders who charge a minimum of 50% interest, fortnightly. Though costly, women use them because of the convenience/speed of processing. They also borrow from relatives who may or may not charge a small fee.

>40% of women who borrow, are borrowing from close relatives, neighbours and friends

- **Though informal sources of credit are convenient and more easily accessible, they are insufficient to realize economic opportunities.** Given the cost and fear of default, most women do not borrow more than SBD10,000 at a time. Convenient and 'secure' access to larger loans would enable women to borrow larger sums for long term investments, for example, in business or real estate.

75% of women who borrow, are borrowing for living expenses

Source: Dalberg Research/ Tebbutt Research, Demand-side survey – Primary Date, 2018; Financial Services Demand Side Survey Solomon Islands ((CBSI 2015)

4. Reasons for saving: women's primary focus is to be able to respond to various emergencies

1	Unforeseen school/education expenses	38%
2	Illness within household/family	29%
3	Harvest/crop failure	28%
4	Natural disasters (e.g. cyclone, flood)	18-20%
5	Death of immediate family member	18%

• Women experience emergencies with grave financial implications

- Unforeseen education expenses are their most frequently experienced financial emergencies
- Illnesses or death of family/community members often result in an urgent need to contribute to wantok
- While the financial impact of illness is tempered by the availability of free public healthcare, women often require emergency funds to compensate for the loss of income during illness
- Harvests/crop failure and natural disasters are also commonly experienced, with severe implications for livelihood and shelter

• Women have limited access to insurance due to lack of awareness and inappropriate product options

Women's largest sources of emergency funds

(% of women that use)*

Family, friends or other relatives



67%

Savings



37%

Selling assets

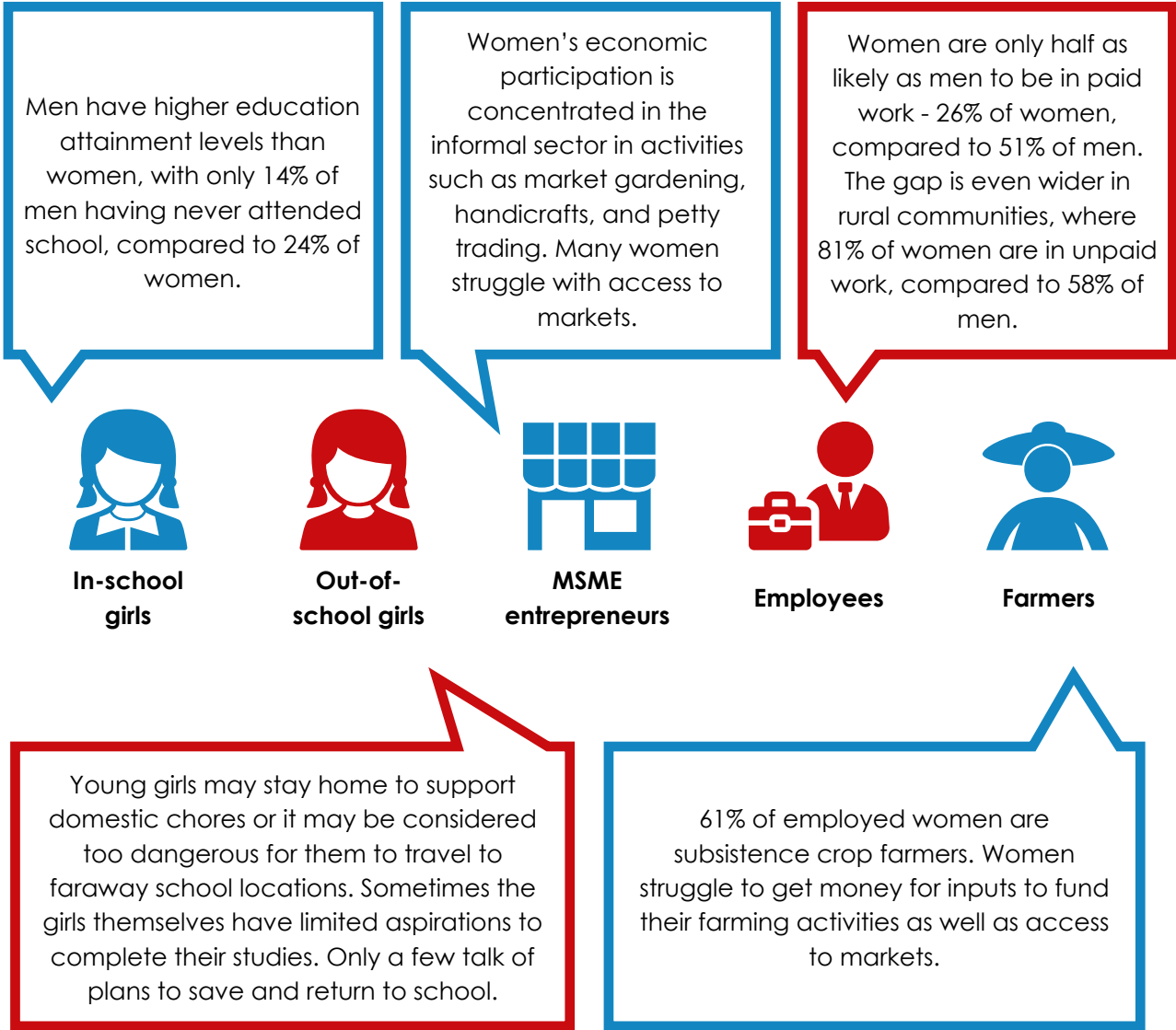


12%

- Over 80% of women do not use formal insurance
- Most women know little or nothing about insurance
- The products available in Solomon Islands are not suited to their needs or capabilities. Products include car, mortgage, health and life - which eliminates those without cars or mortgages, or unable to afford health/life premiums typically paid by formal employers
- Consequently, most women rely on relatives and friends for emergency funds, or dip into savings or sell assets

Annex II: Analysis of needs among population segments

1. Women and girls fulfil different economic roles depending on their age and income levels



2. Disposition to financial services by segment of population



In-school girls

“My house is safer...They (the banks) ask for too much. It’s a lot of work”

- **Awareness:** They have **low understanding** of financial products and services
- **Agency:** Their **financial behaviour is heavily influenced by parents** who may encourage saving in a bank account
- **Trust:** They are **sceptical about formal financial products**, preferring to conveniently **save money at home** where they can see it
- **Sign-up:** They can be persuaded to adopt by **enthusiastic, knowledgeable staff** who facilitate access



Out-of-school girls

“Bank (is) not good!... If I put money in the bank, they deduct from it. I prefer You Save”

- **Awareness:** They have low financial literacy
- **Trust:** They are **sceptical of formal FSPs**
- **Cost:** They are **attracted to interest bearing savings products like You Save²**, that have minimal operating costs e.g. low opening balance and maintenance fees. They also **have difficulty saving**. Those who have children spend all their money on them, with little to save and those who run businesses make **only enough to survive day to day** and cannot save. Some still receive minimal support from parents.



MSME entrepreneurs

“The unexpected will always exceed the expected”

- **Cost:** Their **income is seldom sufficient** to cater to their needs and ad-hoc demands from wantok. Some have **investments in real estate and side hustles**.
- **Agency:** They typically have salary accounts and **secret savings**, either in formal bank accounts or informal SLAs, and hide money to avoid their husband's demands. Despite this, they **maintain a level of financial independence** uncommon to other demographics, as they are **often the principal breadwinners**.

²YouSave is a micro pension product offered by the National Providence Fund that offers 5% interest on deposits.



Employees

“I want to attain financial freedom by making my money work for me.”

- **Awareness:** They are business owners with **varying levels of financial literacy**. Most **have bank accounts** and have taken personal bank loans before - secured by NPF while they were employed.
- **Sign-up:** They draw on cooperatives like SIWIBA. **Difficulty accessing small business loans** as they do not have requisite collateral for the minimum loan amount.
- **Agency:** They have **some financial independence but still consult their husband** before making financial decisions.







Farmers

“I would rather use that money (SBD20) to buy a bag of rice than spend on transport to the nearest bank”

- **Trust:** They are highly **risk and cost averse**, preferring to keep money at home where they can see it and not incur transport costs to go to bank. Most informally included through SLAs.
- **Access points:** They **may consider financial services** if they are in a close location.
- **Agency:** Some **need permission from their husbands for** financial decisions.

3. Women have different requirements for savings and loans at different stages of life, and satisfy them differently

	Schooling/ training	Teenage childbirth and young motherhood	Work/ employment	Marriage and building a family
Key Financial Needs	 <ul style="list-style-type: none"> Tuition - for girls who have to pay part/full Upkeep - lunch money, clothes and feminine hygiene products Transportation 	 <ul style="list-style-type: none"> Hospital bills and general upkeep: Without family or the support of the child's father young girls have dire financial needs 	 <ul style="list-style-type: none"> Community/wantok obligations Bus fare/transport Further studies/training Working capital Farming implements or other business tools 	 <ul style="list-style-type: none"> Children's school fees Community obligations - wantok, in-laws Accommodation - funds to build own house
Usage of financial products/scoping mechanisms	<ul style="list-style-type: none"> Part-time work or taking breaks from school to work for fees Mostly save money at home but some opened bank a/c with parents influence Rarely borrow 	<ul style="list-style-type: none"> Working part-time, though there is stigma against young mothers Support from wantok - though immediate family may not support some relatives may 	<ul style="list-style-type: none"> Formal bank account if formally employed Savings with informal SLA or at home Borrow unsecured loans from money lenders or secured personal loan from bank 	<ul style="list-style-type: none"> Savings in bank accounts, SLAs and secret places at home Investing in children with expectation that they will support them in old age
Unmet needs/product gaps	<ul style="list-style-type: none"> Easily accessible, low cost savings product Low-cost, long-term student loans 	<ul style="list-style-type: none"> Grants for times of need, financial education to help them manage their money in light of new responsibilities 	<ul style="list-style-type: none"> Unsecured personal loans Small-sized business loans 	<ul style="list-style-type: none"> Retirement planning/a long-term savings product



Mainly formal products



Mix of formal products and informal coping mechanisms



Mainly informal coping mechanisms

Annex III:

Stakeholder Analysis

Across the Solomon Islands ecosystem, a variety of actors are working to advance financial inclusion and Women's Economic Empowerment (WEE)

Civil society and international organizations

- Asian Development Bank (ADB)
- Adventist Development Relief Agency (ADRA)
- International Women's Development Agency (IWDA)
- Live & Learn
- Mothers Union
- Solomon Islands Chamber of Commerce and Industry (SICCI)
- Solomon Islands Christian Association (SICA)
- Solomon Islands National Council of Women (SINCW)
- Solomon Islands Planned Parenthood Association (SIPPA)
- Solomon Islands Professional Women's Network (SIPNET)
- Solomon Islands Women in Business (SIWIBA)
- Strongim Bisnis
- Transparency Solomon Islands (TSI)
- UN Women
- Vois blo Mere Solomon
- West AreAre Rokotanikeneni Association (WARA)
- Women's Rights Action Movement (WRAM)
- World Bank/IFC
- World Vision
- World Wide Fund for Nature (WWF)
- Young Women Christian Association (YWCA)

Government stakeholders

- Central Bank of Solomon Islands (CBSI) - National Financial Inclusion Unit
- Ministry of Commerce, Industry, Labour and Immigration (MCILI) - Business and Corporate Division and Industry Division
- Ministry of Women, Youth Children and Family Affairs (MWYCFA)

Financial service providers & MNOs

- ANZ Banking Group
- Bank South Pacific (BSP)
- Bmobile
- BRED Bank
- Pacific Insurance Brokers (PIB)
- Pan Oceanic Bank (POB)
- SI Telekom
- Solomon Islands National Provident Fund (SINPF)
- South Pacific Business Development (SPBD)
- Tower Insurance

Greater coordination across different types of stakeholders could have positive outcomes in sharing learnings and leveraging resources

Initiatives in the country remain siloed, even across similar areas of operation or interest

	Demand	Supply	Enabling Environment	Social Norms
Stakeholder activity trends and analysis	<ul style="list-style-type: none"> • Many initiatives provide women with financial literacy training e.g. Live and Learn • Some activities focus on building women's business capabilities e.g. Strongim Bisnis, WWF, UN Women • Majority of the programs incorporate elements of confidence building to help increase agency/ voice which can facilitate access to financial services e.g. Vois blo Mere 	<ul style="list-style-type: none"> • Multiple programs help establish savings clubs among the women to increase access and usage of financial services e.g. World Vision, WARA, Live and Learn • Other programs provide linkages between the women and formal financial institutions e.g. SICCI, WWF • A few of the groups work with banks to help tailor products and services to unbanked women e.g. UN Women, World Vision 	<ul style="list-style-type: none"> • Some programs help establish and lobby for policies that encourage financial inclusion for women e.g. Women's Rights Action Movement • A few programs help fund and build infrastructure that eases women's access to financial products and service such as roads, market places e.g. Asian Development Bank 	<ul style="list-style-type: none"> • Many organizations focus on deconstructing cultural norms that limit women's agency such as gender based violence e.g. Vois blo Mere YWCA • Some organizations advocate for increased women's leadership in government and business eg. Solomon Islands National Council of Women

Source: Key informant interviews, Dalberg analysis; Focus Group Discussions, Dalberg Analysis

Many established FSPs hesitate to target women, especially in rural areas, but there are opportunities to scale

Org. type	Org. Name	Types of Products	Delivery Mechanisms	Non-financial services
MIFI	SPBD	Products: savings, loans Women specific: Yes. Only target women	Collect deposits weekly at a central location, near their customer's households	Conduct financial literacy and leadership training
Gov't bodies	SINPF	Products: formal and informal savings Women specific: N/A. Do not disaggregate the market by gender	Periodically collect deposits directly from customers e.g. at the market place	Conduct financial literacy and training and conduct outreach in remote communities
MIM providers	SI Telekom	Products: Mobile network platform for banks to provide mobile banking and mobile money services Women specific: N/A. Do not disaggregate market by gender	Have the largest top up agent network in the country	N/A
	Bmobile		Top up agents	
Insurance	Tower	Products: home and car insurance Women specific: N/A. Do not disaggregate by gender	Sign up designated branches	N/A
	PIB	Products: home and car insurance Women specific: N/A. Do not disaggregate the market by gender	Sign up at designated branches	N/A

Org. type	Org. Name	Types of Products	Delivery Mechanisms	Non-financial services
Retail FSPs	BSP	Products: individual banking; saving, loans, mobile money Women specific: Though products aren't tailored they have a strong women's inclusion focus ¹	Bank branches, ATMs, agents, online banking and mobile money, with direct one-on-one marketing to women	Conduct periodical outreach programs targeting rural communities
	ANZ	Products: individual banking; saving, loans, mobile money Women specific: N/A Do not disaggregate by gender	Bank branches, ATMs agents, online banking and mobile money	Conduct outreach to some remote communities
	POB	Products: individual banking; saving, loans, mobile wallet Women specific: N/A. Do not disaggregate the market by gender		N/A
	BRED	Products: corporate banking, individual banking; saving, loans Women specific: N/A. Do not disaggregate the market by gender	Bank branch, ATM, online banking	N/A

Note: ¹BSP leadership is particular about driving inclusion at the BoP and they have been funded by the IFC to dive women's inclusion specifically

Government bodies are making efforts to enhance financial inclusion together with the implementation challenges they face

Key government stakeholders	Description	Main Challenge	
Government Departments/ Ministries	Ministry of Women, Youth Children and Family Affairs (MWYCFA)	There is special focus within the Ministry on financial inclusion through informal saving schemes. The ministry conducts training on financial literacy, saving schemes and access to affordable financial services for rural women and girls. Currently, 89 women savings clubs/groups have been established and trained across 10 provinces with their support. Additionally, helped pass the 2014 Family Protection Act to address domestic violence and the Gender Equality and Women's Development Policy 2016-2020	There is limited coordination to build public awareness on gender related policies e.g The Family Protection Act
	Ministry of Commerce, Industry, Labour and Immigration (MCILI) - Business and Corporate Division and Industry Division	The Business and Corporate Division and Industry Division provides capacity and advisory services SMEs and business associations including women-led/run associations. The unit also supports associations to register formally and access funds	There is limited capacity within specialized units to enable them to effectively reach remote demographics
Public corporations	Solomon Islands National Provident Fund (SINPF)	The organization runs a formal lump sum savings product, for employed people, which matures after 50 years. Women make up 30% of their membership. The organization has recently introduced a savings product for informal sector "YouSave", where women make up the larger percentage of their 7,000 users. Contributions are voluntary.	It is difficult to market to women, particularly women's savings groups. Their current communication strategy does not pick women's interests
Regulatory bodies	Central Bank of Solomon Islands (CBSI) - National Financial Inclusion Unit	The Financial Inclusion team spearheads the National Financial Inclusion Strategy, with a particular focus on financial inclusions for women. Their current target is to drive women's inclusion by at least 150,00 by 2020. The unit chairs the Working Groups	They have limited power to influence stakeholders to reflect the national gender targets in their own strategy e.g. commercial banks to actively target more women

[1] Non-exhaustive descriptions of all of these stakeholders' mandates and programs; highlights as they relate to financial inclusion are presented.



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